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BIWEEKLY REPORT

SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC WGR 1/200

7 October 1963

PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE

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Summary of Events*
20 September - 3 October 1963

A Soviet report recently submitted to Petrobras indicates that potentialities for petroleum development exist in the Amazon and Northeast regions of Brazil. It is questionable, however, whether producing fields can be developed in these areas.

Recent deliveries of Soviet materiel to Basra indicate that the USSR is fulfilling its commitment to resume military aid to Iraq.

The value of the Soviet-UAR arms agreement concluded in June may total more than \$50 million. The agreement, which includes materiel for all three services, is being implemented rapidly.

The line of credit of \$100 million recently offered by the USSR to Algeria apparently carries an interest rate of 2.5 percent and a repayment period of 12 years. The USSR has proposed that the credit be used primarily for agricultural development.

At a recent meeting with Bloc ambassadors to Ghana, Nkrumah asked for suggestions to increase the rate of implementation of Bloc projects. Among the several measures proposed, the most interesting concerned increased utilization of a French consortium to finance the local construction costs. A master agreement signed in January 1963 between this consortium and Ghana provides for credits that will be used in part to meet the local currency costs of development projects financed under both Bloc and Free World aid programs. In August an implementing contract was signed between the two parties covering six projects, including the Hungarian pharmaceutical plant in Accra.

The USSR apparently is planning an extensive development program in Tanganyika, and Poland has agreed to construct a sugar plantation and refinery valued at \$12.6 million.

* This issue of the Biweekly Report contains a special annex on Soviet civil air expansion in non-Bloc underdeveloped countries and Cuba, beginning on p. 10.

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According to recent reports, India is considering requesting Soviet assistance in the construction of a steel plant at Bokaro, possibly in a construction consortium with other Bloc countries. If Soviet aid for such a project is forthcoming, it probably will be on a smaller scale than that considered in recent US-Indian negotiations. Nehru also has stated recently that India is considering assistance for this project from all sources, including Japan and Western Europe.

Poland reportedly has agreed to lengthen the repayment schedule of Indonesia's debt obligations over the next few years. Although no details are available, the repayments in question are believed to be for Polish military assistance.

Pakistan recently has signed seven barter agreements with Bloc countries that provide for about \$6 million in trade each way. These agreements are small and appear to be intended to demonstrate Pakistan's independence of its Western allies rather than to portend a substantial shift in its economic relations.

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	<u>Page</u>
I. Latin America	1
Recent Bloc Economic Activities in Brazil	1
II. Middle East	2
A. Resumption of Soviet Military Deliveries to Iraq .	2
B. Details of the New Soviet-UAR Arms Agreement .	2
III. Africa	3
A. Details of the Soviet Credit to Algeria	3
B. Ghana	3
1. French Firm to Finance Construction Costs of Bloc-Aided Projects	3
2. Meeting of Bloc Ambassadors with Nkrumah on Aid and Trade	4
C. Recent Economic Developments Between Tanganyika and the Bloc	5
IV. Asia	6
A. Possible Soviet Participation in the Bokaro Project	6
B. Rescheduling of the Indonesian Debt to Poland . .	7
C. Pakistan's Trade Relations with the Bloc	7
V. Brief Notes	8
Chile	8

~~SECRET~~

SECRET

Page

India	8
Indonesia	8
Morocco	8

Special Annex

Soviet Civil Air Expansion in Non-Bloc Underdeveloped Countries and Cuba	10
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Map

International Routes of Soviet and Czechoslovak Civil
Airlines to Non-Communist Countries, Yugoslavia,
and Cuba, as of 1 October 1963 inside back cover

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Next 19 Page(s) In Document Exempt

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